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G8 GLOBAL PARTNERSHIP ANNUAL REPORT

G8 Senior Group, June 2004

• Introduction

At the Kananaskis Summit in June 2002, G8 Leaders launched the Global Partnership Against the Spread of Weapons and Materials of Mass Destruction, committing to support projects, initially in Russia, to address nonproliferation, disarmament, counter-terrorism and nuclear safety issues. Building on the efforts of the first year of the Partnership, G8 members have taken important steps forward in the past twelve months, guided by the action goals approved by Leaders at Evian in 2003, and can report that substantial progress has been made. This annual report summarizes the results of these efforts, addressing the Evian Action goals and other Global Partnership activities.

The French Presidency led work on this initiative in the Global Partnership Senior Officials Group (GPSOG). The new Senior Group undertook responsibilities for the Global Partnership among other nonproliferation issues at the beginning of the U.S. Presidency in January 2004. The new Global Partnership Working Group (GPWG) is responsible for expert-level implementation of the initiative, under the guidance of the Senior Group, which has taken an active interest in the Global Partnership.

• Progress on Global Partnership Action Plan Goals

- Reaching the Kananaskis funding target

Evian Action Plan Goal:

to reach our Kananaskis commitment of raising up to \$20 billion over ten years through contributions from new donors or additional pledges from partners.

The national pledges of G8 members include commitments of up to: Canada – Can\$1 billion; France – € 750 million; Germany – \$1.5 billion; Japan – \$200 million; Italy – € 1 billion; United Kingdom – \$750 million; United States – \$10 billion. The European Union has pledged € 1 billion and Russia \$2 billion. Members to date have concentrated on establishing program frameworks, implementing programs, and ensuring budgetary allocations to realize their pledges. A number of members have emphasized that additional progress on implementation of current projects in Russia, with corresponding expenditure of funds, is necessary before parliaments will approve increased pledges. Some countries have also emphasized the importance of increased Russian funding.

Six new countries that joined the Global Partnership last year – Finland, the Netherlands, Norway, Poland, Sweden and Switzerland -- have committed about \$200 million to specific projects. Recently, Finland announced an increase in its commitment to € 15 million.

The G8 members have reaffirmed their commitment to raise up to \$20 billion over ten years. Under its Strategy Against the Proliferation of Weapons of Mass Destruction, the European Union intends to reinforce its cooperative

threat reduction programs by increasing funding after 2006, for which the creation of a new European Community budget line is being considered.

- Expand project activities

Evian Action Plan goal:

To significantly expand project activities, building upon preparatory work to establish implementing frameworks and to develop plans for project activities, as well as to sustain steady progress in projects already under way. We will continue to review progress in initiation and implementation of projects over the coming year, as well as oversee coordination of projects, in order to review priorities, avoid gaps and overlaps, and assess consistency of projects with international security objectives, in accordance with our priorities.

The GPSOG and the GPWG regularly reviewed project implementation over the past year. Such cooperation has resulted in strong progress.

Implementing frameworks. Some G8 members have in place long-standing implementation frameworks for Global Partnership projects. Others, building upon the work of the previous year, have now successfully established the legal basis for specific Global Partnership cooperation with Russia . For example, both Germany and Italy signed agreements with the Russian Federation for cooperation in the areas of nuclear submarine dismantlement and chemical weapons destruction. The United Kingdom and the Russian Federation signed an agreement for cooperation in the nuclear area. Germany concluded an agreement with the Russian Federation on cooperation in the area of physical protection of nuclear materials. New EU Joint Action projects are implemented under the umbrella of bilateral agreements between European Union member states and the Russian Federation . Japan and Russia concluded an implementing agreement for a pilot project to dismantle a Victor III class nuclear submarine. Canadian and Russian officials have completed the text of a framework agreement for Global Partnership cooperation.

The United Kingdom and Canada signed a memorandum of understanding allowing the construction of a railway line at the chemical weapon destruction facility at Shchuch'ye, to be funded by Canada and implemented with the United Kingdom 's assistance. This partnership in action may serve as the model for future cooperation for countries that lack a bilateral agreement with the Russian Federation .

A number of members have used the Multilateral Nuclear Environmental Program in the Russian Federation (MNEPR) framework agreement as a model for new bilateral agreements, or have referred to the MNEPR framework in their agreements. On the other hand, some implementing frameworks have expired and negotiations for others have not been concluded because of differences among the parties.

Initiation and implementation of projects. With implementing agreements in place and other groundwork prepared in the first year of the Partnership, momentum on project implementation increased significantly in the Global Partnership's second year. Highlights of major areas are summarized below.

In Northwest Russia , the United Kingdom has funded the dismantlement of two Oscar class submarines and projects to ensure safe and secure spent nuclear fuel management at Andreeva Bay . In November 2003, Germany initiated a project to support the dismantlement of submarines, including the refurbishment of the Nerpa shipyard for that purpose and construction of a long-term intermediate storage facility for 120 reactor compartments at Saida Bay . France is considering the support of nuclear general-purpose submarine dismantlement and remediation in Gremikha. Canada is poised to sponsor dismantlement projects. Italy plans to assist with dismantlement following ratification of the negotiated agreement by the parliaments of Italy and the Russian Federation . Norway is funding the dismantlement of two Victor I class nuclear submarines. A number of members, including Canada , the European Union, Finland , France , Germany , the Netherlands , Norway , Russia , Sweden , and the United Kingdom are providing substantial contributions for work to be initiated through the Northern Dimension Environmental Partnership (NDEP). In the Pacific Far East, Japan's pilot project, dismantlement of one Victor III class nuclear submarine, will be completed by autumn 2004, with further work to dismantle other submarines to follow. In the past year, the United States has funded the dismantlement of one strategic nuclear submarine and 109 strategic sea-launched ballistic missiles. Russia has committed to provide about US \$65 million annually for submarine dismantlement, rehabilitation of shore-bases and decommissioning of nuclear-powered service vessels.

The European Union, Finland , Germany , Norway , Sweden , the United Kingdom , and the United States are engaged in cooperation to increase the security of fissile and/or radioactive materials. Canada is poised to do so following completion of the Canadian-Russian bilateral framework agreement.

Canada , France , Japan , Italy , the United Kingdom , and the United States have made substantial commitments, totaling \$800 million, to the plutonium disposition program in the Russian Federation . Initiation of this project awaits completion of the multilateral agreement for support for this program. In the meanwhile, the United States , France , the European Union and Japan are financing initial steps supporting the design, costing, and licensing of plutonium disposition facilities. The United States has begun implementation of its cooperation with the Russian Federation to eliminate Russian production of weapon-grade plutonium.

Many Global Partnership countries are supporting projects related to chemical weapons destruction. Cooperation projects begun in previous years have led to the destruction of over 640 tons of chemical weapons. Canada , the European Union, Finland , France , Germany , Italy , the Netherlands , Norway , Poland , Russia , Switzerland , the United Kingdom , and the United States are making contributions to chemical weapons destruction at sites including Gornyy, Shchuch'ye, and Kambarka. Norway , the EU, Czech Republic and Canada are channeling funding through the UK programme for projects at Shchuch'ye. Italy has further committed to contributions for work at Pochev. The Russian Federation has strongly requested that the Global Partnership members, including new donor countries, allocate more resources to the field of chemical weapons destruction.

France , Sweden , and the United States are engaged in cooperative bio-safety and bio-security projects.

A number of Global Partnership members are actively engaged in support of employment and redirection of former weapons scientists for work in peaceful civilian projects. Focus of these efforts is increasingly turning toward facilitating the transition of institutes and scientists to sustainable income-producing activities. The International Science and Technology Center (ISTC) is a primary channel for these programs. In addition, some countries, including the United Kingdom and the United States , are working bilaterally in closed nuclear cities and in other engagement programs. Canada joined the ISTC this year and is already contributing substantially to ISTC activities.

G8 members have noted that much work remains to be done, and that sustained and broadened efforts are needed to achieve timely and effective project implementation. Some Global Partnership participants have expressed the view that a wider range of projects should be pursued, consistent with the areas identified by Leaders at Kananaskis.

Project coordination. The GPSOG and the GPWG have actively considered coordination of projects under the Global Partnership to ensure exchange of information among interested countries for the purposes described in the action plan goal. The guiding principle has been to rely on existing coordination mechanisms, wherever available, rather than create additional expert consultative groups within the G8. In the chemical area, interested experts have been meeting on the margins of the Executive Council of the Organization for the Prohibition of Chemical Weapons (OPCW). Where there are no existing bodies for a program area, an effort has been made to identify an effective arrangement. The GPSOG and subsequently the GPWG considered coordination needs with respect to nuclear submarine dismantlement and physical protection of nuclear materials.

With respect to nuclear submarine dismantlement, some members identified a need for more effective coordination of activities and made proposals in this regard. Members have discussed the roles of several organizations where such information can be exchanged, including the Northern Dimension Environmental Program (NDEP) under the European Bank for Reconstruction and Development (EBRD), the IAEA Contact Experts Group, and the Council of the Multilateral Environmental Nuclear Program in the Russian Federation (MNEPR). . The GPWG will continue to review this matter and ensure effective coordination is undertaken.

With increased Global Partnership activities in the area of nuclear physical protection, consideration is being given to how to facilitate coordination and exchange of information, taking into account the sensitive nature of the sites where projects are undertaken.

Some G8 members have stated that master plans developed for specific areas of cooperation would provide a sound basis for coordination of project activities, as well as for subsequent reporting. These members noted that some plans currently exist, but that others could be developed. It was also noted that the Russian Federation has a major role to play in developing and maintaining these master plans.

Information-sharing on projects. The French Presidency initiated and developed a *Consolidated Report of Global Partnership Projects*, a comprehensive listing of Global Partnership commitments. The U.S. Presidency has maintained and updated this document, including adding project information from the six new Global Partnership donors. (See Annex.) Members have agreed this report should be made available to the general public and to other interested governments. The GPWG is currently addressing how the Consolidated Report might be improved by providing additional data and considering proposals for more detailed data-sharing among participating governments. G8 members agree that it is important to explain to the general public and parliaments concrete results achieved with Global Partnership funding and highlight the benefits in terms of enhanced security.

- Resolve outstanding implementation challenges

Evian action plan goal:

To resolve all outstanding implementation challenges and to review the implementation of all guidelines in practice, keeping in mind the need for uniform treatment of Partners, reflecting our cooperative approach.

The Kananaskis statement defined a set of guidelines that would form the basis for negotiation of specific agreements. The GPSOG and the GPWG have given careful attention to review of guideline implementation in practice. A number of members have expressed a positive assessment of Russia's efforts to implement the Kananaskis guidelines and welcomed progress in that area. Members have also affirmed the importance of continued review by the GPWG of guideline implementation and facilitation of resolution of any problems that might arise.

Since the Evian Summit, GP participants have concluded negotiation of additional bilateral implementing agreements for cooperation, as noted above. Some agreements remain under negotiation, pending resolution of outstanding issues with respect to guidelines, such as adequate liability protections. There is a difference of views on liability protections, related to respective national requirements. Some G8 members believe that the issue could be resolved on the basis of the terms of the liability protocol to the MNEPR framework agreement that has been signed by some MNEPR members, while others do not agree. Negotiations continue in order to reach a satisfactory resolution.

Most G8 members have reported good progress on implementation of guidelines as projects moved into the concrete phase, noting that in practice many detailed matters arise which are worked out among the implementing entities. A number of countries noted that transparency in implementation and well-organized cooperation among the Russian authorities is a key concern and important to effective program implementation. Countries supporting cooperation projects in Russia continue to emphasize the importance of monitoring, especially access to work sites, while recognizing that appropriate procedures are required regarding access to sensitive sites. Transparent contractor selection processes, financial accounting and auditing are also important to assure taxpayers that funds are spent for the intended purposes. Following the recent reorganization of Russian Federation ministries responsible for implementation of nuclear and chemical weapons destruction projects, the Russian Federation has worked with G8 countries in the GPWG to review effects of the reorganization on implementation progress, and to address their questions regarding ensuring effective implementation of projects during the transition period.

- Expand participation to other countries

Evian Action Plan goal:

To expand participation in the Global partnership to interested non-G8 donor countries that are willing to adopt the Kananaskis documents. While still focusing on projects in Russia, we mandate the Chair to enter into preliminary discussions with new or current recipient countries including those of the former Soviet Union that are prepared to adopt the Kananaskis documents, as the Ukraine has already done.

In the Kananaskis statement, Leaders invited other countries prepared to adopt the Kananaskis documents (statement, principles, and guidelines) to enter into discussions with Partners on participating in and contributing to this initiative. The Senior Group and the Global Partnership Working Group have focused on this goal.

Additional donors. As a result of outreach efforts under the Canadian and French Presidencies, last June the G8 welcomed the participation of Finland , the Netherlands , Norway , Poland , Sweden , and Switzerland to the Global Partnership as donors. The new donors participated in meetings of the Global Partnership Senior Officials Group in 2003 and of the Global Partnership Working Group in 2004. With initial commitments totaling about \$200 million, these donors are cooperating with Russia to implement a number of projects, including some already under way.

In 2004, the U.S. Presidency, with the support of other G8 and the non-G8 donors, has led outreach efforts to invite additional countries to participate in and contribute to the Global Partnership, with the objective of widening both political and financial support. The outreach efforts began with extending an invitation to eight potential new donor participants to attend the Global Partnership Working Group meeting held in London in March 2004, where information was provided on the content, aims, and work of the Global Partnership. As a result of this meeting, the Chair engaged in further informal discussions with some of these countries. Subsequently, at the end of March, the Chair of the Senior Group sent a formal letter of invitation to those countries. The letter conveyed that a formal announcement of their interest and intention to pledge, accompanied by endorsement of the Kananaskis documents, would be welcomed, and encouraged a response in time for recognition by Leaders at the June Sea Island Summit. Other G8 countries have reinforced the Chair's invitation through various contacts. A number of invitee countries have been giving serious consideration to participation in the Global Partnership. Australia , Belgium , the Czech Republic , Denmark , Ireland , the Republic of Korea , and New Zealand have communicated that they would like to participate as Global Partnership donors and that they are committed to the Kananaskis principles and guidelines. After being welcomed by Leaders, the Chair of the Global Partnership Working Group will invite their participation at future GPWG meetings.

Recognition of recipients. Recognizing that the spread of weapons and materials of mass destruction is a global threat, the Kananaskis statement expressed the Leaders' intent that the Partnership extend to other recipient countries prepared to adopt the Kananaskis documents, including in particular those of the former Soviet Union. Although the Leaders agreed to an initial focus on projects in Russia , they also announced G8 willingness to enter into negotiations with other countries. At Evian, Leaders made a positive response in principle to the January 2003 official application presented by Ukraine , while recalling that the Partnership was still in its initial phase. Following the Evian Summit, the Chair of the GPSOG engaged in further discussions with the Government of Ukraine, and a further assurance of Ukraine 's commitment to the Kananaskis principles and guidelines was received in December 2003. The U.S. Presidency has held further consultations with Ukraine and other countries of the former Soviet Union that have expressed interest in participation in the Partnership.

In their 2004 meetings, the Senior Group and Global Partnership Working Group have given careful consideration to expansion of participation to other recipient countries, including to a proposal to recognize Ukraine formally and a proposal that certain other former Soviet states be invited to seek participation as recipients. All members have stated their support in principle for such expansion and have noted that, regardless of expansion, projects in the Russian Federation will remain the principal focus. It was recognized that Partnership states will participate in projects according to their national interests and resources. The Senior Group and the GPWG will continue to work with other former Soviet states to discuss their participation in the Partnership.

A further proposal has been made that the Global Partnership include cooperation projects with countries in other regions. A number of members expressed positive views toward inclusion of countries where recent developments have led to new opportunities for disarmament and nonproliferation cooperative activities, with Iraq , Libya , Albania and others mentioned as examples. Some members expressed the view that cooperation with these countries should be funded over and above the \$20 billion Global Partnership target. Others have suggested that these programs should be funded outside the Global Partnership. It was agreed that the GPWG and the Senior Group will discuss this matter further, while providing a forum for interested Global Partnership members to review and coordinate activities to be implemented in such countries.

- Informing others about the Global Partnership

Evian Action Goal:

To inform other organizations, parliamentary representatives and publics of the importance of the Global Partnership.

G8 members sponsor and participate in ongoing outreach efforts to ensure that other organizations, parliamentary

representatives, and publics are informed about the importance and progress of the Global Partnership. The European Commission organized an Inter-Parliamentary Conference on the Global Partnership at the European Parliament in Strasbourg in November 2003, with attendance by members of parliaments, governmental representatives, international organizations and non-governmental organizations. Under the umbrella of the EU's Nonproliferation and Disarmament Cooperation Initiative, the United Kingdom hosted an expert-level conference in London in March 2004. Senior and expert level officials have addressed the Global Partnership in a number of forums sponsored by nongovernmental organizations. In addition, the GPWG *Consolidated Report of Global Partnership Projects* is to be posted on the Internet for the information of interested organizations and publics. Some members have published specific reports of their national efforts under the Global Partnership; others include information on Global Partnership activities in published reports with a larger scope. Such reports can be an important element in providing greater public visibility of the Global Partnership.

- **The Way Forward**

- Action goals for the coming year

The Global Partnership Working Group, under the guidance of the Senior Group, will take as its agenda the Global Partnership elements of the Leaders Action Plan on Nonproliferation. The GPWG carry forward the work of the past two years, including encouraging initiation and implementation of cooperation projects; review of implementation guidelines, including facilitating resolution of problems; ensuring necessary project coordination; and expanding participation to other donor and recipient countries.

- Organizational arrangements

The Senior Group and the Global Partnership Working Group have reviewed the current structures for supporting implementation of the Global Partnership. As part of this review, G8 and non-G8 Global Partnership participating members discussed whether the GPWG should be spun-off from the G8 framework, considering that its expanded membership includes a number of non-G8 countries. Global Partnership members reached consensus that the current affiliation with the G8 framework is important to continue. Benefits include the political support of the G8 countries, including their support for translating financial commitments into budgetary allocations, as well as the advantages of secretariat functions for the G8 Presidency. Participating countries that are not G8 members will continue to attend meetings of the GPWG. Meetings in the G8 format will also continue, including for consideration of G8 decisions.

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